

1 business?

2 A Yes.

3 Q Tell us how that happened.

4 A In 1971, our company sold its television operation
5 in Fort Wayne. And down at the end of the hall, lo and
6 behold, there was a little radio station which nobody had
7 ever paid much attention to before; an AM/FM combination.
8 You know, television overshadowed radio.

9 And so the powers that be said, "Well, look, we
10 don't know quite what to do with this. Why don't you go
11 down there and see about this radio business." So I did.
12 And that's really how I got in the -- in the radio business.

13 Q What did you do at the small radio station?

14 A Well, I -- I didn't know much about it. I was
15 still involved in the newspapers; but through various means,
16 wound up hiring a general manager there and overtime, really
17 discovered that the radio business was a good deal more fun
18 than the newspaper business. No offense to any newspaper
19 people.

20 Q All right. After your initial entry into the
21 radio business, how did your career develop in radio? Can
22 you give us some sense of that?

23 A Well, radio was fascinating. In -- in '73, we
24 bought John Fetzer's radio station in Grand Rapids. And
25 shortly after that, if -- if this is -- if you're interested

1 in this --

2 Q Sure, please.

3 A We added -- bought from the Washington Post
4 actually their AM radio station in Cincinnati, WCKY. That
5 was in '76. We came back and added FMs in both of those
6 markets later on. And so now we're in South Bend, Fort
7 Wayne, Cincinnati and Grand Rapids. And then in the mid-
8 80s, added Tulsa with an AM/FM combination.

9 Q Okay. Did there come a time when the company that
10 we've referred to throughout these proceedings as Pathfinder
11 was formed?

12 A Yes. Actually, I think Pathfinder -- the name --
13 it was formerly Northern Indiana Radio, Inc. And we thought
14 at the time, not -- no longer applicable as we were in Ohio
15 and Michigan, and hence changed the name to Pathfinder.

16 Q And as we sit here today, how many radio stations
17 does Pathfinder own?

18 A Eleven.

19 Q Mr. Dille, I -- could you tell us, please, what
20 your role with the newspaper is today?

21 A I am -- in 1998, I am president of Truth
22 Publishing Company. But don't spend a great deal of time.
23 There is a publisher and a general manager there.

24 Q Is it fair to say --

25 A I speak with them -- I speak with them daily,

1 but --

2 Q Is it correct that you spend most of your time on
3 the broadcaster radio side of the business?

4 A I -- I like that.

5 Q I, Mr. Dille, have heard over the last couple of
6 weeks a great deal of testimony in this case. And I -- it's
7 not my purpose to take you through every single fact. But I
8 do want to get a general idea of your management style on
9 the radio side of the business. How involved are you on a
10 daily basis with, for example, the general managers of the
11 radio stations that Pathfinder owns?

12 A I -- some of them, the closer ones, I will see or
13 talk to several times a week. I like to have lunch with
14 them periodically, for example. I like to talk to them all
15 once or twice a week.

16 Q What sort of things do you talk with them about?

17 A Just what's happening.

18 Q Finances?

19 A Yes. We'll talk about sales. That's easy. But
20 tell me about the people.

21 Q Personnel?

22 A Personnel. That's where it all begins.

23 Q Programming?

24 A And programming and sales. We track sales every -
25 - well, every day, but I see it ever week.

1 Q Do you go to work every day?

2 A I do.

3 Q Tell us, please -- one of the first witnesses we
4 heard from was Bob Watson. What is his role at Pathfinder?

5 A He -- he is the chief financial officer.

6 Q Okay. And give us a sense of what that means to
7 you. What does he do?

8 A Well, he is the top financial person. He -- he is
9 really responsible for all of the record-keeping and
10 accounting and -- I don't want to say bean counting. That's
11 perhaps a little disrespectful. But he's the top guy in
12 that category. I think he's a wonderful guy. He's been
13 very helpful to me over the years and -- and a good man.

14 Q Do you rely on him?

15 A I do.

16 Q What role, if any, does Mr. Watson play in, for
17 example, your discussions with general managers about
18 programming?

19 A Well, he -- not much. Over time, he -- he has --
20 you know, he's learned about the business and so forth. But
21 that's not his -- that's not his natural area. And he's
22 clearly interested. It's a fun business, but I wouldn't
23 talk with him too much about that.

24 Q Does he have authority to make operational
25 decisions with respect to the radio stations that Pathfinder

1 owns?

2 A No. No. And we don't work like that. He -- I
3 say, he is a wonderful fellow. But at the end of the day, I
4 like to make those decisions.

5 Q I would like to turn now if I could, Mr. Dille, to
6 the beginnings of your relationship with WRBR. Correct me
7 if I'm wrong, but it seems to me that the right starting
8 place is the JSA between Pathfinder and Booth American. If
9 there is something significant earlier, tell me. But if
10 there isn't, tell me how the JSA came to place.

11 A Well, in -- in about the summer of '92, a fellow
12 names Rob Ritter called me.

13 Q Who is Mr. Ritter?

14 A Rob Ritter is -- was a -- he had been a broker and
15 was serving partly in that function and partly as an
16 administrative assistant to John Booth, then the president
17 of Booth American Broadcasting in Detroit. Ritter called me
18 and said, "Would you consider a JSA with WRBR and W-then-
19 LTA?".

20 Q WLTA was your station?

21 A LTA being our station.

22 Q At that time, did you know what a JSA was?

23 A Well, I -- I didn't know much. I got the general
24 notion of it. So I was interested. And that then led to a
25 meeting. Actually, it led to a meeting halfway between

1 Detroit and South Bend in Marshall, Michigan whereupon all
2 of the discussions that followed became, with regard to the
3 JSA, the Marshall Plan.

4 Q Who did you meet with in Marshall?

5 A John -- John Booth and Rob Ritter.

6 Q Why were you interested in the JSA?

7 A Yes. Well, I didn't know a lot about them; heard
8 talk; thought this was the way it was going to be; changes
9 in the business, some turmoil in the business; didn't want
10 to be left out; wanted to know. And given the general
11 nature of it, I thought it could be a valuable thing.

12 Q Okay. How was WLTA doing at that time?

13 A Okay, not great. I mean, it was a struggle.

14 Q What -- and just tell us in general ways, Mr.
15 Dille, what you saw as the potential benefits to WLTA of
16 JSA.

17 A Well, I thought there were two. I thought on the
18 one hand, there were some cost savings. And I thought --
19 and this was the principal point of it -- that there was
20 some sales advantage by teaming up.

21 Q What kind of cost savings did you think might
22 exist?

23 A Well, the cost savings would be in shared selling
24 facilities, shared sales support, shared sales manager,
25 shared traffic and billing, things of that kind.

1 Q Okay. And how did -- what sort of revenue
2 advantages did you foresee?

3 A Well, the idea was that you could take one and one
4 and have it equal station A and station B. And by combining
5 efforts and forces, have that equal two and a half or two
6 and a quarter, something of that kind if you follow it.

7 Q Did there -- did there come a time when you
8 actually entered into a joint sales agreement with Booth
9 American?

10 A Yes.

11 Q When was that roughly?

12 A That was in the -- well, that was in the -- in
13 practice, we began in September or so of '92.

14 Q Okay. Let me ask you to turn to a document which
15 has been previously identified as Mass Media Bureau Exhibit
16 Number 1. It should be in the first binder, Mr. Dille. And
17 the JSA appears at page 14 of that exhibit.

18 A I'm sorry, the book in what?

19 Q Exhibit 1, page 14.

20 A Exhibit 1, page 14, Joint Sales Agreement.

21 Q Just so we'll be clear, what -- you're looking at
22 the joint sales agreement, is that right?

23 A Between Pathfinder and Booth American. It's
24 Exhibit 11 and Attachment 1, page 14.

25 Q Okay. We're in the same place. Now, turn to page

1 -- now, let me just ask you, is this the joint sales
2 agreement that you ultimately entered into between
3 Pathfinder and --

4 A I believe -- I believe it is.

5 Q Turn to page 18 of that exhibit if you would
6 please, to paragraph numbered five.

7 A Page 18 of the --

8 Q John, I think you may be turning too far. The
9 first page you were on was page 14. So just four pages back
10 in the JSA.

11 A I'm following the handwritten numbers at the
12 bottom?

13 Q Correct.

14 A I have page 17. And then the -- the next page is
15 the revenue split. Oh, I beg your pardon. You're trying to
16 fool me. Yes, okay.

17 Q On the page that I'm looking at at the bottom, it
18 says, "Section 5, Accounting and Tax Matters".

19 A Yes, sir.

20 Q Section 5.1 says, "Deposit of Venture Funds"?

21 A Yes.

22 Q Section 5.2 says, "Accounting Support" and Section
23 5.3 says, "Books of Accountant Records".

24 A Yes.

25 Q Do I understand this provision to provide for

1 Pathfinder to supply certain accounting services under the
2 JSA to Booth?

3 A Yes.

4 Q Okay. Now, how was Pathfinder compensated for
5 those accounting services, Mr. Dille?

6 A We're not.

7 Q This is in your arrangement with Booth in 1992,
8 correct?

9 A That's correct.

10 Q Well, let me ask you this then. Why did
11 Pathfinder agree to provide certain accounting services?

12 A Well, it was all new. But -- so we didn't really
13 know. But mainly, we were right there.

14 Q What do you mean by that?

15 A Well, we were in -- we were in Elkhart, a city 15
16 or so miles away from South Bend. And the sales people were
17 -- were to be quartered in our place. And Booth was up in
18 Detroit. So it just seemed easy.

19 Q Let me also --

20 A We were all set up and it was an easy thing to do.

21 Q When -- when you say, "We were all set up", what
22 do you --

23 A Well, we had a business office and we had people
24 and so forth, accounting-type people.

25 Q Let me direct your attention if I could to Section

1 3 of the same Mass Media Bureau Exhibit Number 1 which
2 appears at page 16.

3 A Yes.

4 Q And under Section 3.1, there is a description of
5 something called a management committee.

6 A Yes.

7 Q Whose idea was the management committee?

8 A John's -- John Booth's.

9 Q Did you establish a management committee?

10 A We talked about it. That was really a -- a thing
11 that had come out of -- they had done a JSA in Saginaw
12 and/or Toledo. I really can't remember, but I think
13 Saginaw. That's where this document came from, the guts of
14 it. And they had a management committee up there. Frankly,
15 I think they teamed up with somebody they didn't -- weren't
16 sure about. So they wanted some way to block things. But
17 we never -- we talked about it, but it never amounted to
18 anything.

19 Q In the year or so when you operated the JSA with
20 Booth, did the management committee ever meet?

21 A No.

22 Q Perform any function at all?

23 A No.

24 Q How did the -- how did the JSA work?

25 A Well, the cost savings were there. But it -- it

1 didn't -- it got off to a very slow start for several
2 reasons starting with the people -- the sales people who
3 were coming from Booth over to our place were -- would leave
4 the employ of Booth and come to work for Pathfinder. These
5 are the sales people.

6 And Booth had a pension plan and some various
7 benefit plan that was good enough so that when he offered it
8 to them, it was -- I think there were five of them. Three
9 of them just took the deal and never -- never showed up at
10 our place. The fourth one went to work in Chicago. And so
11 we got one. And that guy wasn't so good.

12 Anyway -- so we started out with -- now we're
13 selling two radio stations with a staff of one. But what we
14 -- in retrospect what really happened was we -- the industry
15 had this idea that we would create this mega sales force, so
16 to speak, of two selling forces and so forth, and go out and
17 take advantage of that. And in our case, we called ours
18 Radio One.

19 What happened was that all of this was just really
20 internally created within the radio business. And the
21 clients didn't -- "What's this? You're selling" -- "you're
22 telling me about WLTA. What's this WRBR thing?", and vice
23 versa. So for a while, the marketplace didn't understand.
24 And then when they did, they -- they used it to take
25 advantage of it and say, "Look, I'll buy this, but you've

1 got to give me this for half."

2 And so there was a lot of -- a lot of thumping on
3 us that occurred by clients that got it. So, making now a
4 long answer shorter, we took one and one and it made about
5 1.8.

6 Q You did mention that the cost savings were there.

7 A But the cost savings were there almost right out
8 of the box. And in time, the JSA -- the concept of it
9 worked and works, works today.

10 Q On the sales side, as well.

11 A On the sales side, yes.

12 Q But coming back to the cost savings, what cost
13 savings did you realize in the JSA with Booth?

14 A Well, as I indicated I think, we -- we -- we
15 shared rent. We shared traffic. We shared sales support.
16 We shared a sales manager. Excuse me. I think we thought
17 we would save on Arbitron expenses by having sort of a two-
18 for-one deal.

19 Q And when you say "shared", can you tell us what
20 you mean by that?

21 A Split the cost.

22 Q Half the cost allocated to one station --

23 A Right.

24 Q -- and half to the other?

25 A Right. Sorry.

1 Q And there was a formula -- and there was a formula
2 for splitting expenses and revenues. And it's in this
3 document. Did there come a time when you proposed
4 additional cost savings to Mr. Booth?

5 A Yes. I wrote to John in the early spring, late
6 winter of '93 when I -- following a meeting of the -- of the
7 group -- group heads here in Washington when this was the
8 big topic.

9 Q What -- what group heads are you referring to?

10 A Sorry. It's the NAB Group Head Fly-In.

11 Q This might be a good point, Mr. Dille -- we -- we
12 didn't cover it very well. Have you been involved in your
13 career in the NAB?

14 A I have.

15 Q What roles have you played at the NAB?

16 A I -- I -- well, I was elected out of Indiana and
17 Michigan in '81 even though Dave didn't vote for me and --
18 and was fortunate enough to conclude my tour there with --
19 as chairman of the radio board. And then that -- that --
20 that term concluded really with the merger of the NAB and
21 the NRBA.

22 Q And what's the NRBA?

23 A The National Radio Broadcasters Association.

24 Q Did -- did you personally play any role in that
25 merger?

1 A I had the -- yes, I think so. I had the very good
2 fortune of being in the middle of that. It was a smart
3 thing I think for the industry to do.

4 Q Was it an easy thing for the industry to do?

5 A It was not the easy thing -- easiest thing in the
6 world; a lot of egos, a lot of turf divided on issues facing
7 the industry, that sort of thing. But we were killing
8 ourselves on the Hill. So a merger, even though some people
9 had to suppress their egos, was the thing to do. Yes, it
10 was a -- I think a smart thing to do and I was very pleased
11 to have been a part of it.

12 Q Focusing now, I think you were telling us that you
13 had returned home from a meeting for the NAB group heads, is
14 that correct?

15 A Yes.

16 Q And my question to you was whether or not you had
17 proposed additional cost savings to Mr. Booth. Could I ask
18 you to turn to Mass Media Bureau Exhibit 6.

19 MR. JOHNSON: For the record, Your Honor, this
20 appears to be a memorandum dated April 15th, 1993 from Mr.
21 Dille to Mr. Booth.

22 BY MR. JOHNSON:

23 Q Is this the document you were referring to, Mr.
24 Dille?

25 A Yes.

1 Q What additional cost savings, if any, did you
2 propose to Mr. Booth?

3 A Well, I thought there were a number of things.
4 And all of these came out of this meeting because this was
5 the hot topic in the February meeting of the -- of the group
6 guys.

7 Q What was the hot topic?

8 A JSAs, the whole notion of teaming up -- former
9 competitors teaming up in limited ways to compete. And
10 among the things that we were talking about was co-locating.

11 Q What do you mean by co-locating?

12 A Well, putting the radio stations in the same -- in
13 the same building or in the same location. Not -- not
14 sharing necessarily studios, but putting them together.
15 Radio is a -- is a curious thing in that having sales people
16 removed from the programming people defeats some of the
17 spontaneity and energy and excitement that is required to
18 have a really successful radio operation.

19 So not only were there cost savings. But the
20 combining of the two -- the two catalysts, the sales and the
21 programming, I thought was a good idea and so did others.
22 So there was a cost savings there. I thought we could have
23 a -- I thought we could share a general manager which in
24 this case was something I thought we ought to pay attention
25 to.

1 Q And when you say "in this case", what are you
2 referring to?

3 A Well, the selling function itself was still not
4 functioning particularly well. And I -- I thought it was
5 principally because it wasn't managed very well. The
6 divided aspect of it made trying to coordinate the thing
7 tough. So that's what I was talking about.

8 Q So in this memorandum, you made additional
9 suggestions to Mr. Booth. Were any of those suggestions
10 implemented?

11 A No. Well, not that I can specifically recall.

12 Q Why not?

13 A It wasn't too long after this April note when
14 Ritter -- Rob Ritter called and said that John and Booth
15 American had really decided to take another tact. And they
16 were -- they wanted to exit -- exit the market; sell WRBR
17 and move on to bigger markets. I think South Bend was their
18 smallest --

19 Q Why was -- why was Mr. Ritter --

20 A -- smallest market. It was our smallest market.
21 What?

22 Q Why was Mr. Ritter telling you this, if you know?

23 A Well -- well, in -- in that -- if not in that
24 conversation, very soon thereafter, he asked me if we wanted
25 to buy it.

1 Q We being Pathfinder.

2 A We being Pathfinder. Sorry.

3 Q And were you interested?

4 A Yes, we were.

5 Q Now, at this point in time, Mr. Dille, what
6 understanding, if any, did you have about the financial
7 performance of WRBR?

8 A Well, just at this time, I -- I wasn't really
9 sure. I guess I assumed they were interested in the JSA
10 about for the same -- for about the same reason we were,
11 that they weren't doing so well. As a part of our
12 negotiation, or what followed, I did ask for some financial
13 information from them and got it.

14 Q What did you get, if you recall?

15 A I got, as I recall, '92's -- 1992's financials
16 from them -- year-end '92.

17 Q At that time, based on those financials, was WRBR
18 making money or losing money?

19 A It was losing money as I recall.

20 Q Why did you want to buy a radio station that was
21 losing money?

22 A Well, because of the opportunity. I -- I thought
23 that their cost structure -- two things: I thought their
24 cost structure was high. They're a big company with big
25 corporate stuff. And so I thought there was significant

1 savings there.

2 Q Let me just pause you right there. Can you think
3 of any examples of cost elements that you thought were high?

4 A Were we to have bought the station, we would not
5 have needed two general managers. And their general manager
6 was very near retirement. He was very highly paid.

7 Q This was Mr. Ford?

8 A This would be Mr. Ford for South Bend, Indiana.

9 Q Ball park, what was Mr. Ford's salary?

10 A I think he was six figures.

11 Q More than \$100,000.00.

12 A More than \$100,000.00, plus -- plus benefits.

13 Q I interrupted you. My question was why would you
14 want to buy a radio station that was losing money. Can you
15 explain this?

16 A Well, okay. So -- so there were cost savings
17 right off the bat. You -- you asked me about one of them.
18 But additionally, there were further shared rent things,
19 receptionists -- receptionist, things of that kind. Well --
20 no, also, there was -- they were live 24 hours. I thought
21 that WRBR could automate -- automation was really coming to
22 be pretty good. I thought they could automate several day
23 parts.

24 Q To what effect?

25 A Well -- well, cost savings. I knew they could --

1 they could automate overnights. I thought evenings. And --
2 and I don't remember whether we talked then about mid-days
3 or not. It was an oldies radio station and in as much
4 oldies are oldies. They don't need a real hot disk jockey
5 talking.

6 Q Did you begin to negotiate a transaction with Mr.
7 Ritter or Mr. Booth?

8 A Well, with Mr. Ritter, yes.

9 Q Did you come to agreement in principle on certain
10 terms in that transaction?

11 A We did. It was a fairly straight-forward
12 conversation. It would have been a straight-forward deal I
13 think. So our conversation really did just focus on price
14 and terms.

15 Q What -- what price had you agreed to?

16 A In the end, \$660,000.00 --

17 Q And when you say --

18 A -- principal and interest.

19 Q And when you say "terms", what are you referring
20 to?

21 A The time period over which that \$660,000.00 would
22 be paid.

23 Q Who was going to finance the deal as you discussed
24 it with Mr. Ritter?

25 A Mr. Booth.

1 Q Seller financing?

2 A It was a hundred percent seller financing. It was
3 a remarkable deal. Six months -- no cash at close; six
4 months before the first cash payment; then a series of
5 payments, \$5,000.00 each for a period of time then -- per
6 month, then \$10,000.00 and then \$15,000.00 a month in the
7 thirty-sixth month -- I don't remember -- culminating in a
8 balloon payment of \$240,000.00 at the end of about four
9 years.

10 Q Did you think it was a good deal?

11 A I thought it was an excellent deal.

12 Q Why?

13 A Well, I thought that -- I thought there were
14 immediate cost savings about at the levels of the losses
15 that they had experienced in 1992. So I thought that the --
16 and furthermore, I don't know what -- they had other
17 corporate things I thought were heavy. I can't recall those
18 anymore.

19 Anyway, I thought those costs could be -- could be
20 -- that cost savings could be enjoyed almost at the first
21 day. And then I thought any kind of bump in revenue, even
22 single digit increases in revenue sales, would make a --
23 would be a good deal. And -- I don't mean to be selling
24 you, but it was a long time. I remember we had time to get
25 our problems fixed on the sales side.

1 Q A long time meaning what?

2 A Well, for example, if there is about a four or
3 five-month time between the time you apply for a license
4 transfer and the time it's -- you close give or take. Then
5 we had six more months before we had to pay, in the case of
6 Pathfinder, the first dollar. And then still another --
7 another still six months at \$5,000.00 each. I thought that
8 was -- I mean, it was a year and a half before -- before --
9 I mean, that's a long time.

10 Q What happened -- why wasn't that transaction
11 consummated?

12 A We -- we thought, and subsequently learned that --
13 that because I have an attributable interest in a newspaper
14 in Elkhart, that I -- that we would need -- that Pathfinder
15 would need a waiver. Elkhart is just inside the one
16 millivolt contour which I think is the controlling contour
17 in a cross inner-ownership situation. It's four or five
18 hundred yards. But it's still inside that one millivolt
19 circle.

20 So we would need a waiver. And John Booth -- I
21 thought we could get a waiver. And I don't know whether
22 John thought so or not, but he didn't want to wait. He
23 really was out to fry other fish. And -- and so he said,
24 "You know, you're a fine fellow but I'm sorry, I don't want
25 to" --

1 Q Well, did -- did you undertake any steps at that
2 time to see whether or not you could get a waiver?

3 A I had asked Alan Campbell. And -- and I think we
4 just read the rules in pretty much the manner that I've
5 described. So I was dead.

6 Q Mr. Booth was not interested in waiting for you to
7 obtain a waiver.

8 A No, I don't think so. In any case, our
9 discussions came to an end.

10 Q When approximately was that?

11 A Late spring, early summer of '93.

12 Q Now, at that point in time, Mr. Dille, did you
13 have any understanding whether or not you were the only
14 person interested in acquiring WRBR?

15 A No. I -- I was lead to believe there were other
16 people interested.

17 Q And how did you come to that knowledge?

18 A Well, I guess when -- when Ritter called me, he
19 said that he was interested in selling it and at the time,
20 he was going to talk to Hicks -- Dave Hicks. I think he
21 talked to Niles Broadcasting. I think he also talked with a
22 mid-west family up in -- and maybe -- I don't remember --
23 people up in Bend Harbor (phonetic) which is a community
24 about 45 miles away, something like that, and maybe someone
25 else. I can't recall.

1 Q When it became clear that you were not going to be
2 able to purchase WRBR, which I think you've described as
3 late spring or early summer --

4 A Yes.

5 Q -- of 1993, what did you do next?

6 A Well, I was -- I was disappointed. But I -- some
7 little time went by and I -- it dawned on me that, you know,
8 I really wanted to keep this JSA. But I also called Peter
9 Tannenwald and I called Allen. And I said, "Hey, can my
10 kids be involved in this kind of a thing?". And -- and they
11 each said yes, I mean, as minority shareholders.

12 I think Allen called over to the Commission and
13 talked to somebody. And the answer came back yes. If there
14 is a -- if there is a single majority shareholder and my
15 kids were not attributable minority shareholders, then that
16 would be -- that would be okay. So I called Ritter.

17 Q Now, let me stop you right there. Did Mr.
18 Campbell tell you that or Mr. Tannenwald or both?

19 A Both. But Allen called the Commission.

20 Q I understand. Okay. You called Mr. Ritter.

21 A So I called Mr. Ritter and said, "Hey, who are you
22 talking to?". And that's when he told me, again, Hicks and
23 these other folks. So I said, "Look, I know Hicks." I had
24 been with him on this Music Licensing Committee we heard
25 about and got to know him a little bit then and had known

1 him around in other things.

2 So -- so I called him up and said, "I would like
3 to come and talk with you about this JSA idea and the
4 proposition of buying WRBR."

5 Q Let me -- before we get into that, let me just
6 stop you there --

7 A Sure.

8 Q -- and ask you a couple of questions. Were --
9 we've heard from both Mr. Campbell and Mr. Tannenwald in
10 this proceeding. And of course, now they practice together
11 in the same firm.

12 A Yes.

13 Q At the time that you called them, were they
14 practicing in the same firm or different firms?

15 A No, they were in -- well, they were in different
16 firms. Peter was with Arent, Fox, Kenter, Plotkin and Kahn
17 (phonetic), I think. But Arent, Fox. And Allen had just
18 left Dow, Loness (phonetic) a year before.

19 Q And you discussed --

20 A And I had worked with both of them -- I had worked
21 with each of them at various times on various projects.
22 Peter I met in the Tulsa deal and Allen I had known since we
23 were kids, young, young in the business.

24 Q And you raised with them whether there were any
25 FCC issues about getting your children involved in the

1 purchase of WRBR, is that fair?

2 A Yes, yes. That's right. I mean, "Tell me how
3 this would work if I" --

4 Q Why did you want to have your children involved?

5 A Well, if I could -- because I liked the business.
6 And if the kids could be in the business, I mean, that could
7 be great.

8 Q You mentioned as you were describing your phone
9 call with Mr. Ritter that you knew Mr. Hicks. How well had
10 you known Mr. Hicks at this point in time; this is to say
11 the late spring or early summer of '93?

12 A Well, he was a -- he was a -- sort of a cocktail
13 party broadcaster function friend; nice, nice guy; enjoyed
14 kibitzing with him about the business and so forth. And I
15 had had -- was involved in a -- probably a-dozen-member
16 committee, this Music Licensing Committee, around about the
17 same time. He wasn't a good friend, but he was I thought a
18 nice guy, a guy about my age, and he lived not very far
19 away.

20 Q So as a result of that conversation with Mr.
21 Ritter, did you call Mr. Hicks?

22 A I did.

23 Q Tell us what happened next.

24 A I -- talked to him, "Let me come up and see you."
25 I was headed up to Grand Rapids for something else. And --

1 or back from Grand Rapids. I can't remember. But I said,
2 "Let me" -- "Let's have a beer or something and let me tell
3 you what I've" -- "what I've learned."

4 Q Can you place this conversation in time?

5 A I think it was -- well, I think it was the 23rd of
6 -- or 28th of July.

7 Q Mr. Hicks testified from his calendar that he
8 thinks it was the 28th. Do you have any reason to disagree
9 with that?

10 A No. I think that's -- that's right. It would be
11 the end of the July.

12 Q Did you have a meeting with Mr. Hicks?

13 A I did.

14 Q Tell us what you recall about the meeting.

15 A Well, he was fascinated by it. He was interested
16 in the JSA. He was interested in the whole deal. He was
17 interested that I had a -- I was close to a deal with Booth.
18 He was -- he was interested in the price because it was
19 better than he had -- I guess I learned that a couple of
20 days later, but it was better than he had -- he had thought.
21 And he was just interested in the whole thing.

22 Q And this meeting on the 28th, do you think you
23 described to Mr. Hicks your desire to have your children be
24 minority shareholders?

25 A I think I did. I -- I mean, we talked about all

1 kinds of things in the hour and a half or whatever it was we
2 were there starting with the JSA and the deal that I had --
3 the aborted deal with Booth. But I -- I -- I think I also
4 presented the notion of -- of my kids being involved and
5 maybe even -- my memory is very fuzzy on this -- maybe even
6 the idea that if -- if he would have been interested in the
7 station and if he bought it and maybe -- and if he no longer
8 wanted it, maybe the idea that my kids have a chance to be a
9 part of it or to be -- to buy his share was --

10 Q This is going to sound like an odd question coming
11 from us given the issues in this case. But do you think you
12 raised your hope for an option in the very first meetings
13 with Mr. Hicks?

14 A If I didn't, I -- I had to have soon thereafter --

15 Q The -- now, Mr. Hicks in his testimony --

16 A -- in a -- in a -- well, go ahead.

17 Q In Mr. Hicks' testimony, he testified that he
18 thinks he next met with you in the first week of September
19 of 1993. Did you hear that testimony?

20 A I did.

21 Q Is -- is that your recollection, Mr. Dille?

22 A Yes, I heard him say that. But I don't -- I --
23 no, I think I met with him or talked with him on the phone
24 before then. In fact, not really very long after the 28th
25 meeting. I can't peg it exactly, but I know that given the

1 nature of our conversation and his interest, I didn't -- I
2 wanted to talk with him again.

3 Q And so you don't think you waited six weeks --

4 A No.

5 Q -- before you did that. Is there any other reason
6 that you believe that you spoke with Mr. Hicks again after
7 the 28th, but before September 2nd?

8 A Well, I had written -- I wrote to John Booth to
9 report this conversation in the middle of August.

10 Q Well, let me ask you, if you would please, to turn
11 to Mass Media Bureau Exhibit Number 1 at page 31. And,
12 John, that's in the first binder there, as well.

13 A In January of '95, he had indicated that he was
14 really struggling -- sorry. Volume what?

15 Q It's page 31 of Volume 1.

16 A Yes, I've got it.

17 Q Okay. Is this the memo that you wrote to Mr.
18 Booth?

19 A It is.

20 Q And the date and handwriting at the top of this
21 memo is August 17th, 1993. Is there any reason to disagree
22 with that date?

23 A No, that's it.

24 Q Now, Mr. Dille, you know that this document has
25 become an important document in this case.

1 A I certainly do.

2 Q Let me ask you first of all why you wrote it.
3 What were you intending to communicate to Mr. Booth?

4 A I -- my -- I wanted John to know that -- that I
5 talked with Dave and -- and updated him on that progress.

6 Q Why?

7 A Well, I wanted him to know that some progress was
8 being made. He was anxious to sell the station and I was
9 anxious to demonstrate the values of a JSA to a potential
10 buyer in the hopes that the buyer would stick with us. So -
11 - and I didn't want him to -- to be honest, I didn't want
12 him to think about selling it to someone else if -- if Hicks
13 were interested and if progress could be made and so forth.
14 So I wanted him to know that we were moving along.

15 Q In the first paragraph of this memorandum, it says
16 that, "David Hicks has indicated his intent to become the
17 controlling interest", you can read that first sentence.

18 A Yes.

19 Q Had David Hicks at this point in time committed to
20 you to participate in the transaction?

21 A No.

22 Q The second sentence -- the second paragraph, Mr.
23 Dille, refers to your children and says they "would have an
24 arrangement-option-agreement to purchase from Hicks his
25 shares when and if that became possible."

1 A Right.

2 Q Did you have any understanding at this point in
3 time with Mr. Hicks on the topic of your children's option?

4 A No.

5 Q Had you done any more than simply raise it with
6 him?

7 A No. No, it was an idea which I hoped about.

8 Q Is it fair to say, Mr. Dille, that there is some
9 salesmanship involved in this memo to Mr. Booth?

10 A I wanted John to know we were moving along and
11 that progress was being made and that he didn't have to
12 worry about courting others.

13 Q Now, let me just focus on the meeting that both
14 you and Mr. Hicks remember which was on July 28th. At the
15 end of that meeting, did you have any agreement or
16 understanding with Mr. Hicks regarding any topic concerning
17 WRBR?

18 A No, sir.

19 Q Okay. And what about as of August 17th, 1993?

20 A No.

21 Q Now, Mr. Dille, let me direct your attention to
22 another document if I may which is Mass Media -- the next
23 page. It's Mass Media Bureau Exhibit Number 1 at page 32.

24 MR. JOHNSON: Which for the record, Your Honor,
25 appears to be a memorandum from Alan Campbell to John Qualey

1 (phonetic) showing a carbon copy to John Dille, dated August
2 17th, 1993.

3 BY MR. JOHNSON:

4 Q Have you seen this document before, Mr. Dille?

5 A I have.

6 Q Okay. Did there come a time in mid-August of 1993
7 when you communicated with Mr. Campbell concerning WRBR?

8 A Yes.

9 Q Could you tell us what happened.

10 A I wanted Campbell to -- I wanted to make sure that
11 I was on the right track. But further, I wanted -- I wanted
12 Booth to know that -- that the notion that we were
13 discussing -- that I was discussing anyway; now, whether
14 Dave was hearing what I was discussing -- was a -- for lack
15 of a better term, a lawyer-approved structure.

16 Q What do you mean by that?

17 A Well, that it was okay. That it was a legitimate,
18 lawful, legal, Commission-approved transaction.

19 Q Tell us again who Mr. Qualey was?

20 A Well, Qualey was Booth's -- was Booth's
21 communication lawyer. He was also I think involved in the
22 judgement about the waiver earlier on.

23 Q Okay. Now, as I read this memorandum from Mr.
24 Campbell to Mr. Qualey, it makes no mention of your hope
25 that your children could one day have an option to purchase

1 Mr. Hicks' shares. Am I reading this correctly?

2 A That's correct.

3 Q Do you have any explanation for that?

4 A Well, I didn't -- there wasn't anything to talk
5 about. I wanted -- if -- if Booth ultimately -- sorry, if
6 Hicks ultimately were successful in negotiating the same
7 general deal that -- that I had come close to, Booth was
8 going to hold paper because he was going to finance the
9 whole thing. So I wanted him to be comfortable that
10 everything was okay.

11 Q Now, at this point in time, Mr. Dille -- so late
12 August in 1993 -- can you tell us what your priorities were
13 with respect to WRBR? What were you trying to do?

14 A Well, I thought that these JSAs were a thing --
15 were the way it's going to be. And by then I was pretty
16 sure of it, the JSA in some form or fashion. So I wanted --
17 that was my first goal, was preserve some kind of what has
18 come to be called in our business as strategic selling
19 arrangement. So I wanted that.

20 And if, in the case of Hicks or somebody like him,
21 my kids could have been involved, I thought that would be
22 great. I -- the business was good to me. And it would just
23 -- it would be wonderful. And lastly, if -- if ultimately
24 they could own that station, all the better.

25 MR. JOHNSON: Your Honor, I'm about to move on to

1 a different topic.

2 JUDGE CHACHKIN: All right. We'll take a ten
3 minute recess.

4 (Whereupon, a brief recess was taken.)

5 JUDGE CHACHKIN: All right. Back on the record.

6 MR. JOHNSON: Thank you, Your Honor.

7 BY MR. JOHNSON:

8 Q Mr. Dille, just before we broke, I had asked you
9 about your priorities in connection with WRBR. Mr. Hicks
10 testified that he had a recollection of meeting with you in
11 person on or about September 2nd of 1993. Do you recall
12 that meeting?

13 A Yes.

14 Q And I think he testified at that meeting that you
15 drew a diagram for him. Could I ask you to turn to
16 Pathfinder Exhibit Number 67. It would be in the volume
17 identified as Pathfinder exhibits.

18 A Sixty-seven.

19 Q All right.

20 A Yes?

21 Q Do you have it there, John?

22 A I do.

23 Q Can you -- can you tell us what this is?

24 A This is a chart of how the -- the JSA worked.

25 Q Whose handwriting is this in?

1 A Mine.

2 Q And is this the chart that you drew for Mr. Hicks
3 in that September 2nd meeting?

4 A It is -- I think it is.

5 Q I notice that the chart doesn't make any reference
6 to your children's participation or to your hope that they
7 might have an option to purchase Mr. Hicks' shares. Is
8 there any reason for that?

9 A Well, this was an explanation of the JSA. And
10 we -- that wasn't part of this discussion.

11 Q How important to you at this point in time, now
12 being September 2nd of 1993, was your children's
13 participation as minority shareholders and your hope that
14 they could have an option?

15 A Those were only pluses. The principal goal was to
16 keep this thing -- this JSA thing going.

17 Q Just -- just in lay language, were those two
18 points deal-breakers for you?

19 A No, neither one. They would be nice-to-haves, but
20 not critical.

21 Q After your September 2nd meeting with Mr. Hicks,
22 what's the next thing that you recall in connection with the
23 WRBR transaction?

24 A At the end of that meeting, he said that he would
25 like to meet with -- with his lawyer.